

REGISTERED NUMBER: SC075521 (Scotland)

**Report of the Directors and
Consolidated Financial Statements
for the Year Ended 30 April 2011
for
Chardon Trading Limited**

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for the Year Ended 30 April 2011**

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Chardon Trading Limited
Company Information
for the Year Ended 30 April 2011

DIRECTORS: Maurice Vincent Taylor
Mrs Frances Una Taylor
Miss Nicola Joan Taylor

SECRETARY: Adam Inglis Armstrong

REGISTERED OFFICE: Albert Chambers
13 Bath Street
Glasgow
G2 1HY

REGISTERED NUMBER: SC075521 (Scotland)

AUDITORS: Stevenson & Kyles
Statutory Auditor
Chartered Accountants
25 Sandyford Place
Glasgow
G3 7NG

**Report of the Directors
for the Year Ended 30 April 2011**

The directors present their report with the financial statements of the company and the group for the year ended 30 April 2011.

PRINCIPAL ACTIVITIES

The principal activities of the group in the year under review were those of hoteliers and restaurateurs.

REVIEW OF BUSINESS

The report and financial statements reflect the business of the group, which operates in the hotel and leisure sector. During the year the company acquired a further subsidiary which operates a hotel in Perth.

This has been a difficult and challenging year for that industry. Details for the year include :-

- * An increase in total revenue of 10.2% year on year, with an increase of 1.0% on like for like sales
- * Rev par at £50.97 is comparable with the previous year. On a like for like basis rev par increased by 2.1%

Results

Total revenues of £9.499 million (2010 - £8.623 million) increased by 10.2% from the previous year. Operating profit, before interest, depreciation, taxation and exceptional items was £2.169 million (2010 - £1.207 million).

Notwithstanding the relatively difficult trading climate, we continue to deliver financial performance indicators in respect of added value, return on capital employed and the generation of cash flows which we believe are, in relative terms, higher than those employed by much larger hotel groups.

Hotels operation

We continue to reinvest in the maintenance and upgrading of facilities. We are also becoming more aware of the importance of conserving resources and are making a conscious effort to aid this objective.

The hotel and leisure sector remains challenging and very competitive. Notwithstanding the impact of outside agencies, for example disproportionate increases in energy costs and the level of commissions paid to third parties, we remain confident of the profitability of these hotels even in the current economic climate.

Risks and uncertainties

The financial results of the companies within the group could be materially adversely affected by a number of different risks and uncertainties. The main risks and uncertainties are as detailed below, together with the steps which the companies are taking to mitigate these risks.

Competition and consumer trends

The hotel sector of the UK economy is highly competitive, and the group's future financial performance would be at risk if it failed to anticipate consumer trends and lost market share to its competitors. The group obtains feedback from its customers, and uses that feedback to ensure that it continues to offer the type and quality of services that its customers expect. It believes that by listening to its customers it is significantly reducing the risks associated with changing consumer trends.

Health and safety

A major incident resulting from a health and safety failure would be a significant reputational risk to the group. To mitigate the risk the group utilises the services of external health and safety consultants to assist in maintaining health and safety matters to the highest possible standards.

Wage inflation

The minimum wage has increased faster than the rate of general wage inflation over the last four years, and there is a risk that it will continue to do so in the future. The group has mitigated this continuing risk by reviewing its operating procedures in an effort to improve productivity.

DIVIDENDS

No dividends will be distributed for the year ended 30 April 2011.

**Report of the Directors
for the Year Ended 30 April 2011**

DIRECTORS

The directors shown below have held office during the whole of the period from 1 May 2010 to the date of this report.

Maurice Vincent Taylor
Mrs Frances Una Taylor
Miss Nicola Joan Taylor

POLITICAL AND CHARITABLE CONTRIBUTIONS

Charitable donations of £6,081 are included within the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

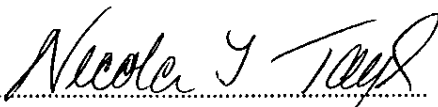
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Stevenson & Kyles, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
Miss Nicola Joan Taylor - Director

Date: 15.12.11
.....

**Report of the Independent Auditors to the Members of
Chardon Trading Limited**

We have audited the financial statements of Chardon Trading Limited for the year ended 30 April 2011 on pages five to twenty four. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 April 2011 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

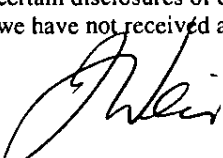
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.


James Weir (Senior Statutory Auditor)
for and on behalf of Stevenson & Kyles
Statutory Auditor
Chartered Accountants
25 Sandyford Place
Glasgow
G3 7NG

Date: 16/1/12

Chardon Trading Limited (Registered number: SC075521)

**Consolidated Profit and Loss Account
for the Year Ended 30 April 2011**

	Notes	30.4.11 £	£	30.4.10 £	£
TURNOVER			9,498,798		8,622,778
Continuing operations		8,852,682		8,622,778	
Acquisitions		<u>646,116</u>		<u>-</u>	
		<u>9,498,798</u>		<u>8,622,778</u>	
 Cost of sales	 2		 <u>755,034</u>		 <u>681,673</u>
GROSS PROFIT	2		8,743,764		7,941,105
Net operating expenses	2		<u>6,776,280</u>		<u>7,010,299</u>
OPERATING PROFIT	4		1,967,484		930,806
Continuing operations		1,853,215		930,806	
Acquisitions		<u>114,269</u>		<u>-</u>	
		<u>1,967,484</u>		<u>930,806</u>	
 Provision for associated company balance	 5		 <u>268,973</u>		 <u>-</u>
			1,698,511		930,806
Interest receivable and similar income			<u>13</u>		<u>50</u>
			1,698,524		930,856
Interest payable and similar charges	6		<u>593,083</u>		<u>476,170</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			1,105,441		454,686
Tax on profit on ordinary activities	7		<u>372,111</u>		<u>132,952</u>
PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP			<u>733,330</u>		<u>321,734</u>

The notes form part of these financial statements

Chardon Trading Limited (Registered number: SC075521)

Consolidated Statement of Total Recognised Gains and Losses
for the Year Ended 30 April 2011

	30.4.11 £	30.4.10 £
PROFIT FOR THE FINANCIAL YEAR	733,330	321,734
Revaluation of property	-	(10,514,357)
Write back of aggregate depreciation on property revalued	-	864,186
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>733,330</u>	<u>(9,328,437)</u>

Note of Historical Cost Profits and Losses
for the Year Ended 30 April 2011

	30.4.11 £	30.4.10 £
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1,105,441	454,686
Depreciation adjustment on revalued amounts	<u>229,456</u>	<u>322,377</u>
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>1,334,897</u>	<u>777,063</u>
HISTORICAL COST PROFIT/(LOSS) FOR THE YEAR RETAINED AFTER TAXATION AND DIVIDENDS	<u>962,786</u>	<u>(1,710,931)</u>

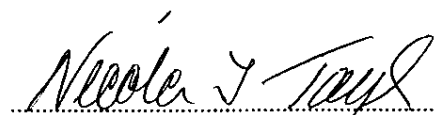
The notes form part of these financial statements

Chardon Trading Limited (Registered number: SC075521)

Consolidated Balance Sheet
30 April 2011

	Notes	30.4.11 £	30.4.10 £
FIXED ASSETS			
Intangible assets	10	(2,302,490)	(2,680,256)
Tangible assets	11	39,032,317	34,228,896
Investments	12	-	-
		<u>36,729,827</u>	<u>31,548,640</u>
CURRENT ASSETS			
Stocks	13	41,475	36,758
Debtors	14	3,025,958	3,034,316
Cash at bank and in hand		<u>234,930</u>	<u>1,401,024</u>
		3,302,363	4,472,098
CREDITORS			
Amounts falling due within one year	15	<u>3,365,702</u>	<u>4,712,640</u>
NET CURRENT LIABILITIES		<u>(63,339)</u>	<u>(240,542)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		36,666,488	31,308,098
CREDITORS			
Amounts falling due after more than one year	16	(14,510,806)	(9,975,000)
PROVISIONS FOR LIABILITIES	20	<u>(286,742)</u>	<u>(197,488)</u>
NET ASSETS		<u>21,868,940</u>	<u>21,135,610</u>
CAPITAL AND RESERVES			
Called up share capital	21	866,000	866,000
Share premium	22	5,075,840	5,075,840
Revaluation reserve	22	13,154,387	13,383,843
Profit and loss account	22	<u>2,772,713</u>	<u>1,809,927</u>
SHAREHOLDERS' FUNDS	25	<u>21,868,940</u>	<u>21,135,610</u>

The financial statements were approved by the Board of Directors on 15th November 2011 and were signed on its behalf by:


Miss Nicola Joan Taylor - Director

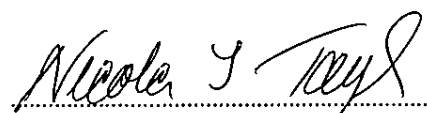
The notes form part of these financial statements

Chardon Trading Limited (Registered number: SC075521)

Company Balance Sheet
30 April 2011

	Notes	30.4.11 £	£	30.4.10 £	£
FIXED ASSETS					
Intangible assets	10		-		-
Tangible assets	11		-		-
Investments	12		<u>12,199,446</u>		<u>9,128,361</u>
			12,199,446		9,128,361
CURRENT ASSETS					
Debtors	14	10,277,128		10,422,861	
Cash at bank		<u>92,140</u>		<u>210,134</u>	
		10,369,268		10,632,995	
CREDITORS					
Amounts falling due within one year	15	<u>1,306,217</u>		<u>3,075,321</u>	
NET CURRENT ASSETS			<u>9,063,051</u>		<u>7,557,674</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			21,262,497		16,686,035
CREDITORS					
Amounts falling due after more than one year	16		<u>14,501,714</u>		<u>9,975,000</u>
NET ASSETS			<u>6,760,783</u>		<u>6,711,035</u>
CAPITAL AND RESERVES					
Called up share capital	21		866,000		866,000
Share premium	22		5,075,840		5,075,840
Profit and loss account	22		<u>818,943</u>		<u>769,195</u>
SHAREHOLDERS' FUNDS	25		<u>6,760,783</u>		<u>6,711,035</u>

The financial statements were approved by the Board of Directors on 15th December 2011 and were signed on its behalf by:


Miss Nicola Joan Taylor - Director

The notes form part of these financial statements

Chardon Trading Limited (Registered number: SC075521)

**Consolidated Cash Flow Statement
for the Year Ended 30 April 2011**

	Notes	30.4.11 £	£	30.4.10 £	£
Net cash inflow from operating activities	1		2,311,693		1,348,715
Returns on investments and servicing of finance	2		(592,779)		(468,820)
Taxation			(135,928)		(161,057)
Capital expenditure	2		(101,996)		(22,394)
Acquisitions and disposals	2		(2,440,389)		-
Equity dividends paid			-		(2,355,042)
			(959,399)		(1,658,598)
Financing	2		784,224		1,690,899
(Decrease)/Increase in cash in the period			<u>(175,175)</u>		<u>32,301</u>
Reconciliation of net cash flow to movement in net debt	3				
(Decrease)/Increase in cash in the period		(175,175)		32,301	
Cash inflow from increase in debt and lease financing		<u>(3,665,088)</u>		<u>(737,500)</u>	
Change in net debt resulting from cash flows			(3,840,263)		(705,199)
New hire purchase contracts			<u>(18,910)</u>		-
Movement in net debt in the period			(3,859,173)		(705,199)
Net debt at 1 May			<u>(10,499,550)</u>		<u>(9,794,351)</u>
Net debt at 30 April			<u><u>(14,358,723)</u></u>		<u><u>(10,499,550)</u></u>

The notes form part of these financial statements

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 30 April 2011**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	30.4.11	30.4.10
	£	£
Operating profit	1,967,484	930,806
Depreciation charges	200,470	276,830
Loss on disposal of fixed assets	930	-
(Increase)/Decrease in stocks	(669)	743
(Increase)/Decrease in debtors	(230,215)	125,567
Increase in creditors	<u>373,693</u>	<u>14,769</u>
Net cash inflow from operating activities	<u>2,311,693</u>	<u>1,348,715</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	30.4.11	30.4.10
	£	£
Returns on investments and servicing of finance		
Interest received	13	50
Interest paid	(592,231)	(468,870)
Interest element of hire purchase payments	<u>(561)</u>	<u>-</u>
Net cash outflow for returns on investments and servicing of finance	<u>(592,779)</u>	<u>(468,820)</u>
Capital expenditure		
Purchase of tangible fixed assets	(103,396)	(22,394)
Sale of tangible fixed assets	<u>1,400</u>	<u>-</u>
Net cash outflow for capital expenditure	<u>(101,996)</u>	<u>(22,394)</u>
Acquisitions and disposals		
Purchase of subsidiary undertaking	(2,546,085)	-
Net bank balances acquired	<u>105,696</u>	<u>-</u>
Net cash outflow for acquisitions and disposals	<u>(2,440,389)</u>	<u>-</u>
Financing		
New loans in year	4,000,000	-
Loan repayments in year	(2,087,500)	(600,000)
Capital repayments in year	(4,145)	-
Amount introduced by directors	54,264	2,759,768
Amount withdrawn by directors	(882,759)	(154,315)
Transactions with associated companies	<u>(295,636)</u>	<u>(314,554)</u>
Net cash inflow from financing	<u>784,224</u>	<u>1,690,899</u>

The notes form part of these financial statements

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 30 April 2011**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.5.10 £	Cash flow £	Non cash changes £	At 30.4.11 £
Net cash:				
Cash at bank and in hand	1,401,024	(1,166,094)	-	234,930
Bank overdraft	<u>(1,313,074)</u>	<u>990,919</u>	<u>-</u>	<u>(322,155)</u>
	<u>87,950</u>	<u>(175,175)</u>	<u>-</u>	<u>(87,225)</u>
Debt:				
Hire purchase	-	4,145	(18,910)	(14,765)
Debts falling due within one year	(612,500)	(247,500)	-	(860,000)
Debts falling due after one year	<u>(9,975,000)</u>	<u>(3,421,733)</u>	<u>-</u>	<u>(13,396,733)</u>
	<u>(10,587,500)</u>	<u>(3,665,088)</u>	<u>(18,910)</u>	<u>(14,271,498)</u>
Total	<u>(10,499,550)</u>	<u>(3,840,263)</u>	<u>(18,910)</u>	<u>(14,358,723)</u>

4. ACQUISITION OF BUSINESS

Net assets acquired

	£
Tangible fixed assets	5,150,000
Stocks	4,048
Debtors	91,714
Cash at bank and in hand	105,696
Creditors	(855,803)
Director's loan	(199,644)
Bank loans	(1,330,000)
Deferred taxation	<u>(9,107)</u>
	2,956,904
Goodwill	<u>114,181</u>
	<u>3,071,085</u>

Satisfied by:

Cash	2,546,085
Balance of purchase price outstanding as per sale agreement	<u>525,000</u>
	<u>3,071,085</u>

The subsidiary undertaking acquired during the year contributed £194,035 to the group's net operating cash flows and utilised £13,764 for capital expenditure

The notes form part of these financial statements

Notes to the Consolidated Financial Statements
for the Year Ended 30 April 2011

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets, and in accordance with applicable accounting standards.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Goodwill

On the purchase of the subsidiaries in 2006 the assets exceeded the acquisition costs, thereby creating negative goodwill. This is being amortised over a period of fifteen years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- not provided as investment property and over estimated useful life of 125 years
Long leasehold	- over the lease term
Fixtures and fittings	- 20% on reducing balance and 10% on cost
Motor vehicles	- 25% on reducing balance
Computer equipment	- 25% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate.

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2011**

2. ANALYSIS OF OPERATIONS

	Continuing £	30.4.11 Acquisitions £	Total £
Cost of sales	<u>717,833</u>	<u>37,201</u>	<u>755,034</u>
Gross profit	<u>8,134,849</u>	<u>608,915</u>	<u>8,743,764</u>
Net operating expenses:			
Administrative expenses	6,613,672	494,646	7,108,318
Other operating income	<u>(332,038)</u>	<u>-</u>	<u>(332,038)</u>
	<u>6,281,634</u>	<u>494,646</u>	<u>6,776,280</u>

	Continuing £	30.4.10 Acquisitions £	Total £
Cost of sales	<u>681,673</u>	<u>-</u>	<u>681,673</u>
Gross profit	<u>7,941,105</u>	<u>-</u>	<u>7,941,105</u>
Net operating expenses:			
Administrative expenses	7,327,547	-	7,327,547
Other operating income	<u>(317,248)</u>	<u>-</u>	<u>(317,248)</u>
	<u>7,010,299</u>	<u>-</u>	<u>7,010,299</u>

3. STAFF COSTS

	30.4.11 £	30.4.10 £
Wages and salaries	2,795,354	2,873,310
Social security costs	223,691	244,243
Other pension costs	<u>43,068</u>	<u>44,028</u>
	<u>3,062,113</u>	<u>3,161,581</u>

The average monthly number of employees during the year was as follows:

	30.4.11	30.4.10
General staff	194	165
Administrative staff	<u>22</u>	<u>12</u>
	<u>216</u>	<u>177</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2011

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	30.4.11	30.4.10
	£	£
Other operating leases	249,295	236,762
Depreciation - owned assets	459,327	544,855
Depreciation - assets on hire purchase contracts	4,728	-
Loss on disposal of fixed assets	930	-
Goodwill amortisation	(263,585)	(268,025)
Auditors' remuneration	<u>32,465</u>	<u>26,075</u>
Directors' remuneration	227,825	383,377
Directors' pension contributions to money purchase schemes	<u>38,508</u>	<u>36,908</u>

Information regarding the highest paid director is as follows:

	30.4.11	30.4.10
	£	£
Emoluments etc	100,267	275,591
Pension contributions to money purchase schemes	<u>2,400</u>	<u>36,108</u>

5. EXCEPTIONAL ITEMS

The directors considered the recoverability of the balance due from Chardon Hotels Ltd, an associated company, and took the view that full recoverability was uncertain. A provision of £268,973 has therefore been incorporated in the financial statements.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	30.4.11	30.4.10
	£	£
Bank interest	2,006	6,285
Bank loan interest	590,516	469,885
Hire purchase	<u>561</u>	<u>-</u>
	<u>593,083</u>	<u>476,170</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	30.4.11	30.4.10
	£	£
Current tax:		
UK corporation tax	290,755	135,859
Prior year adjustment	<u>1,209</u>	<u>1,552</u>
Total current tax	291,964	137,411
Deferred tax	<u>80,147</u>	<u>(4,459)</u>
Tax on profit on ordinary activities	<u>372,111</u>	<u>132,952</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2011

7. TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	30.4.11 £	30.4.10 £
Profit on ordinary activities before tax	<u>1,105,441</u>	<u>454,686</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 27.840% (2010 - 28%)	307,755	127,312
Effects of:		
Expenses disallowed	79,091	17,882
Depreciation in excess of capital allowances	36,708	68,735
Group goodwill adjustment	(73,382)	(75,047)
Utilisation of tax losses	(54,071)	-
Small company rate relief	(5,346)	(3,023)
Tax adjustment to previous year	<u>1,209</u>	<u>1,552</u>
Current tax charge	<u>291,964</u>	<u>137,411</u>

8. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £49,748 (2010 - £2,214,987).

9. DIVIDENDS

	30.4.11 £	30.4.10 £
Ordinary shares of £1 each		
Final	-	1,355,042
Interim	<u>-</u>	<u>1,000,000</u>
	<u>-</u>	<u>2,355,042</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2011

10. INTANGIBLE FIXED ASSETS

Group

	Goodwill £
COST	
At 1 May 2010	(4,020,381)
Additions	<u>114,181</u>
At 30 April 2011	<u>(3,906,200)</u>
AMORTISATION	
At 1 May 2010	(1,340,125)
Amortisation for year	<u>(263,585)</u>
At 30 April 2011	<u>(1,603,710)</u>
NET BOOK VALUE	
At 30 April 2011	<u>(2,302,490)</u>
At 30 April 2010	<u>(2,680,256)</u>

11. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Long leasehold £	Fixtures and fittings £
COST OR VALUATION			
At 1 May 2010	4,120,000	29,688,048	3,147,011
Additions	<u>5,099,492</u>	<u>-</u>	<u>151,009</u>
At 30 April 2011	<u>9,219,492</u>	<u>29,688,048</u>	<u>3,298,020</u>
DEPRECIATION			
At 1 May 2010	-	-	2,764,315
Charge for year	24,303	325,910	98,047
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>-</u>
At 30 April 2011	<u>24,303</u>	<u>325,910</u>	<u>2,862,362</u>
NET BOOK VALUE			
At 30 April 2011	<u>9,195,189</u>	<u>29,362,138</u>	<u>435,658</u>
At 30 April 2010	<u>4,120,000</u>	<u>29,688,048</u>	<u>382,696</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2011

11. TANGIBLE FIXED ASSETS - continued

Group

	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION			
At 1 May 2010	52,439	112,782	37,120,280
Additions	18,910	394	5,269,805
Disposals	(9,809)	-	(9,809)
At 30 April 2011	<u>61,540</u>	<u>113,176</u>	<u>42,380,276</u>
DEPRECIATION			
At 1 May 2010	33,543	93,526	2,891,384
Charge for year	8,869	6,926	464,055
Eliminated on disposal	(7,480)	-	(7,480)
At 30 April 2011	<u>34,932</u>	<u>100,452</u>	<u>3,347,959</u>
NET BOOK VALUE			
At 30 April 2011	<u>26,608</u>	<u>12,724</u>	<u>39,032,317</u>
At 30 April 2010	<u>18,896</u>	<u>19,256</u>	<u>34,228,896</u>

In September 2010, the leasehold properties (including hotel fittings) were revalued by DTZ, Chartered Surveyors, at a value of £30,090,000. The valuation reports have been made in accordance with the RICS appraisal and valuation manual. These values have been incorporated in the financial statements. The leasehold properties were valued as fully equipped operational entities having regard to trading potential. On a historical cost basis the net book value of the properties would be £9,851,501 (2010 - £9,960,022).

In April 2008 the freehold property owned by an existing member of the group was revalued by HLL Humberts Leisure, Chartered Surveyors, at a value of £4,120,000. That value has been incorporated in the financial statements. The directors have considered the value of the property at 30 April 2011 and believe that it would not be substantially different. A full revaluation will be undertaken in 2013 at the same time as the other properties within the group. On a historical cost basis the net book value of the land would be £248,478 (2010 - £248,478).

The freehold property included in the accounts of Bettagrade Ltd, the subsidiary which was acquired during the year, is stated at a revalued amount of £5,150,000 as a fully equipped operational entity in the accounts of that company. If the hotel had not been revalued it would have been included at a value of £2,758,482.

On a historical cost basis the net book value of the land would be £598,478 (2010 - £248,478).

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2011

11. TANGIBLE FIXED ASSETS - continued

Group

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
Additions	<u>18,910</u>
At 30 April 2011	<u>18,910</u>
DEPRECIATION	
Charge for year	<u>4,728</u>
At 30 April 2011	<u>4,728</u>
NET BOOK VALUE	
At 30 April 2011	<u>14,182</u>

12. FIXED ASSET INVESTMENTS

Details of the investments in which the Group holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Holding	Proportion of voting rights	Nature of business
Subsidiary Undertaking			
Chardon Leisure Ltd	Ordinary shares	100%	Hotels
Ingliston Hotels Ltd	Ordinary shares	100%	Hotels
Chardon Properties Ltd	Ordinary shares	100%	Investment
Bettagrade Ltd	Ordinary shares	100%	Hotels

Company

	Subsidiary Undertakings £
Cost at 1 May 2010	9,128,361
Additions	<u>3,071,085</u>
Cost at 30 April 2011	<u>12,199,446</u>
Cost at 30 April 2010	<u>9,128,361</u>

13. STOCKS

	Group	
	30.4.11	30.4.10
	£	£
Stocks	<u>41,475</u>	<u>36,758</u>

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2011**

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	30.4.11	30.4.10	30.4.11	30.4.10
	£	£	£	£
Trade debtors	527,459	256,008	60,857	2,158
Amounts owed by group undertakings	-	-	7,901,786	7,733,442
Sundry debtors	2,356,974	2,687,261	2,314,485	2,687,261
Prepayments	<u>141,525</u>	<u>91,047</u>	<u>-</u>	<u>-</u>
	<u>3,025,958</u>	<u>3,034,316</u>	<u>10,277,128</u>	<u>10,422,861</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	30.4.11	30.4.10	30.4.11	30.4.10
	£	£	£	£
Bank loans and overdrafts (see note 17)	1,182,155	1,925,574	1,153,417	1,698,448
Hire purchase contracts (see note 18)	5,673	-	-	-
Trade creditors	544,627	266,305	18	237
Taxation	305,123	135,859	44,909	-
Social security and other taxes	316,680	223,563	35,741	43,433
Other creditors	-	5,350	-	5,350
Directors' current accounts	-	597,929	-	597,929
Directors' loan accounts	-	662,500	-	662,500
Accrued expenses	<u>1,011,444</u>	<u>895,560</u>	<u>72,132</u>	<u>67,424</u>
	<u>3,365,702</u>	<u>4,712,640</u>	<u>1,306,217</u>	<u>3,075,321</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	30.4.11	30.4.10	30.4.11	30.4.10
	£	£	£	£
Bank loans (see note 17)	11,632,500	8,637,500	11,632,500	8,637,500
Directors' loans (see note 17)	1,764,233	1,337,500	1,764,233	1,337,500
Hire purchase contracts (see note 18)	9,092	-	-	-
Other creditors	900,136	-	900,136	-
Advances from directors	<u>204,845</u>	<u>-</u>	<u>204,845</u>	<u>-</u>
	<u>14,510,806</u>	<u>9,975,000</u>	<u>14,501,714</u>	<u>9,975,000</u>

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2011**

17. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	30.4.11	30.4.10	30.4.11	30.4.10
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	322,155	1,313,074	293,417	1,085,948
Bank loans	<u>860,000</u>	<u>612,500</u>	<u>860,000</u>	<u>612,500</u>
	<u>1,182,155</u>	<u>1,925,574</u>	<u>1,153,417</u>	<u>1,698,448</u>
Amounts falling due between one and two years:				
Bank loans	840,000	650,000	840,000	650,000
Directors' loans	<u>1,076,733</u>	<u>325,000</u>	<u>1,076,733</u>	<u>325,000</u>
	<u>1,916,733</u>	<u>975,000</u>	<u>1,916,733</u>	<u>975,000</u>
Amounts falling due between two and five years:				
Bank loans	5,548,750	2,062,500	5,548,750	2,062,500
Directors' loans	<u>687,500</u>	<u>975,000</u>	<u>687,500</u>	<u>975,000</u>
	<u>6,236,250</u>	<u>3,037,500</u>	<u>6,236,250</u>	<u>3,037,500</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans	5,243,750	5,925,000	5,243,750	5,925,000
Directors' loans	<u>-</u>	<u>37,500</u>	<u>-</u>	<u>37,500</u>
	<u>5,243,750</u>	<u>5,962,500</u>	<u>5,243,750</u>	<u>5,962,500</u>

18. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

Group

	Hire purchase contracts	
	30.4.11	30.4.10
	£	£
Net obligations repayable:		
Within one year	5,673	-
Between one and five years	<u>9,092</u>	<u>-</u>
	<u>14,765</u>	<u>-</u>

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2011**

18. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

The following operating lease payments are committed to be paid within one year:

Group

	Land and buildings		Other operating leases	
	30.4.11 £	30.4.10 £	30.4.11 £	30.4.10 £
Expiring:				
Between one and five years	-	-	-	69,037
In more than five years	<u>110,000</u>	<u>110,000</u>	<u>67,718</u>	<u>-</u>
	<u>110,000</u>	<u>110,000</u>	<u>67,718</u>	<u>69,037</u>

Company

	Other operating leases	
	30.4.11 £	30.4.10 £
Expiring:		
Between one and five years	<u>-</u>	<u>8,123</u>

19. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	30.4.11 £	30.4.10 £	30.4.11 £	30.4.10 £
Bank overdraft	322,155	1,313,074	293,417	1,085,948
Bank loans	12,492,500	9,250,000	12,492,500	9,250,000
Hire purchase contracts	<u>14,765</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>12,829,420</u>	<u>10,563,074</u>	<u>12,785,917</u>	<u>10,335,948</u>

Cross guarantees exist between the five companies within the group supported by standard securities over the properties owned by the group and a bond and floating charge over group assets.

20. PROVISIONS FOR LIABILITIES

	Group	
	30.4.11 £	30.4.10 £
Deferred tax		
Capital allowances in advance of depreciation	382,102	347,777
Loss relief	<u>(95,360)</u>	<u>(150,289)</u>
	<u>286,742</u>	<u>197,488</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2011

20. PROVISIONS FOR LIABILITIES - continued

Group

	Deferred tax £
Balance at 1 May 2010	197,488
Capital allowances in advance of depreciation	25,218
Transferred on acquisition of subsidiary	9,107
Loss relief	<u>54,929</u>
Balance at 30 April 2011	<u>286,742</u>

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	30.4.11 £	30.4.10 £
866,000	Ordinary		<u>866,000</u>	<u>866,000</u>

22. RESERVES

Group

	Profit and loss account £	Share premium £	Revaluation reserve £	Totals £
At 1 May 2010	1,809,927	5,075,840	13,383,843	20,269,610
Profit for the year	733,330			733,330
Depreciation on revalued amount	<u>229,456</u>	<u>-</u>	<u>(229,456)</u>	<u>-</u>
At 30 April 2011	<u>2,772,713</u>	<u>5,075,840</u>	<u>13,154,387</u>	<u>21,002,940</u>

Company

	Profit and loss account £	Share premium £	Totals £
At 1 May 2010	769,195	5,075,840	5,845,035
Profit for the year	<u>49,748</u>		<u>49,748</u>
At 30 April 2011	<u>818,943</u>	<u>5,075,840</u>	<u>5,894,783</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2011

23. TRANSACTIONS WITH DIRECTORS

Maurice Taylor has provided a postponed loan to the company which is interest free and is repayable over a remaining period of four years. The amount outstanding at the balance sheet date is £1,764,233 (2010 £2,000,000).

The Taylor family, who are directors, have also made advances to the company which are interest free and have no fixed repayment date. The amounts due to the family at 30 April 2011 totalled £204,845 (2010 - £597,929).

24. RELATED PARTY DISCLOSURES

The company was under the control of Maurice Taylor, a director, throughout the period. He is personally interested in 100% of the company's issued share capital.

Included in group debtors is an amount of £2,259,915 (2010 - £2,519,088) which is due by Chardon Hotels Ltd, a company of which Maurice Taylor is a director and shareholder. During the year the directors considered the recoverability of the balance due from Chardon Hotels Ltd, and took the view that full recoverability of the outstanding balance was uncertain. The balance is therefore stated net of a provision of £268,973.

Included in group debtors is an amount of £54,570 (2010 - £54,570) which is due by Thistle SA, a company registered in Luxembourg. Nicola Taylor is a director and shareholder of that company.

During the year the group acquired the entire share capital of Bettagrade Limited from Thistle Perth LLP for the sum of £3,071,085. Included in other creditors is an amount of £890,236 (2010 - £88,604 included in debtors) due to that organisation. Nicola Taylor and Adam Armstrong are the sole partners of Thistle Perth LLP. A letter of postponement has been granted by Thistle Perth LLP in favour of the Royal Bank of Scotland plc.

Included in group creditors is an amount of £18 (2010 - £196) which is due to Chardon Management Ltd, and included in group debtors is an amount of £155,571 (2010 - £2,158) due from that organisation. Nicola Taylor and Maurice Taylor are directors of that company and Nicola Taylor owns 59.86% of the share capital. During the year the group had sales of £255,124 (2010 - £265,316) to that company and received services of £165,121 (2010 - £365,166) from that company. The transactions were in the form of management services.

Included in group creditors is £9,900 (2010 - £nil) due to Altoplex Ltd. Maurice Taylor and Una Taylor are directors of that company and hold a controlling interest in the share capital.

Armstrongs, Chartered Accountants, received fees of £34,000 (2010 - £33,031) during the year. Adam Armstrong is the proprietor of that organisation.

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	30.4.11	30.4.10
	£	£
Profit for the financial year	733,330	321,734
Dividends	-	(2,355,042)
	733,330	(2,033,308)
Other recognised gains and losses relating to the year (net)	-	(9,650,171)
Net addition/(reduction) to shareholders' funds	733,330	(11,683,479)
Opening shareholders' funds	21,135,610	32,819,089
Closing shareholders' funds	21,868,940	21,135,610

Chardon Trading Limited (Registered number: SC075521)

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2011

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued

Company	30.4.11	30.4.10
	£	£
Profit for the financial year	49,748	2,214,987
Dividends	-	(2,355,042)
Net addition/(reduction) to shareholders' funds	49,748	(140,055)
Opening shareholders' funds	<u>6,711,035</u>	<u>6,851,090</u>
Closing shareholders' funds	<u><u>6,760,783</u></u>	<u><u>6,711,035</u></u>